

Sample Business Plan Framework 3: A government entity running a Commercial PACE program in the post-grant period



Mission: Transform energy use through innovative, cost effective, and sustainable energy efficiency program delivery and financing
Vision: Recognized as a primary source of low-cost financing for residential and commercial retrofits
Goal: Operate in post-grant period by covering costs through loan origination fees and interest charges collected via the city and county tax assessment process

Governance 	Financial Structure 	Assets & Infrastructure 	Service Offering 	Customer 	Partners 
<p>Define internal responsibilities:</p> <ul style="list-style-type: none"> A government funded program NGO administrative body that conducts planning and screens building projects Board of directors staffed by program and city/county appointees <p>Define external restrictions (e.g., regulations, laws, etc.):</p> <ul style="list-style-type: none"> State and local laws allow for repayment of loans through property tax assessments Mortgage holders must be willing to cede another lien on their property to finance upgrades 	<p>Identify sources/uses of funds:</p> <ul style="list-style-type: none"> Grant funding is used initially Post-grant period, additional revenues are generated through up-front financing charges and interest rate payments Costs are primarily administrative in nature <p>Track financial performance:</p> <ul style="list-style-type: none"> Incoming cash flows are tracked over time to help cover bond payments and issue new loans 	<p>Identify assets (e.g., software, brand, etc.):</p> <p><u>Cash on Hand:</u></p> <ul style="list-style-type: none"> Funds allocated to seed bond fund represent a significant asset to this program 	<p>List services offered For Commercial Building Owners:</p> <ul style="list-style-type: none"> Free energy assessments Low-cost financing <p>Articulate value of service offering:</p> <ul style="list-style-type: none"> Removes first cost barrier from building upgrades <p>Describe distribution channel(s):</p> <ul style="list-style-type: none"> Program issues financing and manages loan payment process Program does direct outreach to customers Utility provides rebates Contractor does energy assessment and installation 	<p>Identify target customers:</p> <ul style="list-style-type: none"> Commercial buildings with high energy savings potential <p>Describe outreach strategy:</p> <ul style="list-style-type: none"> Work in conjunction with city and county governments to do direct outreach to large commercial users 	<p>Identify future partners or partnering opportunity:</p> <ul style="list-style-type: none"> Financial partner administers bond funds Construction firms perform energy upgrades City and county governments collect payment for funding through property tax assessments <p>Describe how program aligns with potential partner interests:</p> <ul style="list-style-type: none"> Program expertise in customer education and marketing fills a niche that utilities (limited by cost-benefit regulations) have not developed internally
Costs			Revenue		
<p>List and describe costs:</p> <ul style="list-style-type: none"> Cost of goods and services sold (e.g., bond issuance charges, loan admin. costs, marketing and education costs) Overhead (e.g., rent, utilities, program administrative costs, etc.) 			<p>List and describe revenue:</p> <ul style="list-style-type: none"> Federal grants (initial funding) Bond issuance charges (one time) Interest fees (recurring) 		

Sample 3 Schematic: A government entity running a Commercial PACE program in the post-grant period

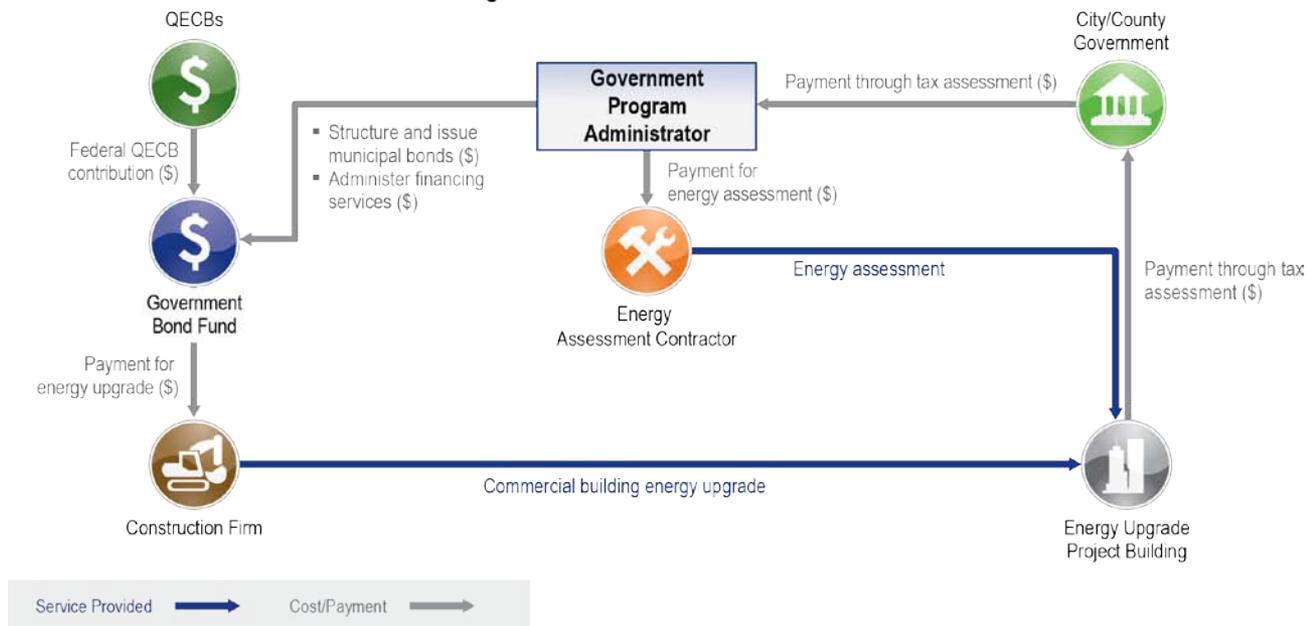
Defining a program's mission, vision, and goals is critical to determining what an organization's basic characteristics are, and by extension, its schematic

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High Level Business Model Schematic



The key element of this business model is the specialized governance model necessary to allow the financing to occur

Governance: Detailed Steps



How to coordinate service offerings with utility programs:

1. Define internal responsibilities
2. Define partner responsibilities
3. Define external restrictions

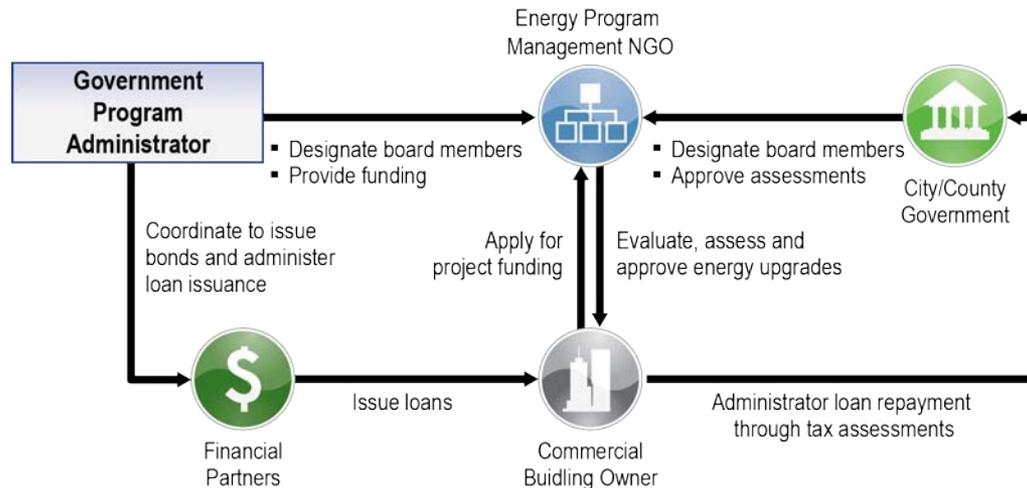
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Program Administrator

Responsibilities:

1. Establish program management NGO
2. Provide board members to evaluate potential projects
3. Coordinate with financial partners to issue bonds and administer loan payments

High Level Business Model Schematic



2

External Partner

1. Establish program management NGO
2. Provide board members to evaluate potential projects
3. Administer loan repayment process through property tax assessment process

3

External Restrictions:

1. A primary restriction is the willingness of the original mortgage holder to cede an additional lien on the commercial property to help finance the energy upgrades
2. The tax assessment repayment system must abide by all local and state tax laws; amendments may be required to ensure the option is fully legal